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TANZANIA AGRICULTURE PRODUCTIVITY PROGRAM (TAPP) QUARTERLY REPORT # 2



January – March 2010

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENT

Executive Summary	1
Second Quarter Achievements.....	1
Next Quarter.....	1
I. Introduction	2
1.1 Project Description.....	2
1.2 Goals and Objectives	2
1.3 Communications, Reporting And Information	2
II. Productivity	3
2.1 Regional Activities.....	3
2.2 Crops	7
2.3 Technologies	7
III. Market and Trade Development	9
IV. Other Crosscutting Themes	10
4.1 HIV/AIDS	10
4.2 Gender issues & youth	10
V. Partnerships and Capacity Building	12
Vi. Financial Crisis Initiative	14
VII. Planned Activities.....	15
VIII. Major Challenges And Constraints	17
Annex I: Performance Against PMP Indicators.....	18

EXECUTIVE SUMMARY

SECOND QUARTER ACHIEVEMENTS

- Field activities were initiated this quarter with 67 producer groups representing 2,000 farmer members, almost half of whom are women.
- 103 technical assistance visits were completed, focused on improving production and postharvest handling practices.
- Market opportunities were identified with a U.S. importer of ABE chilies and organic spices, and with the U.K.-based Unilever for dried vegetables; supply potential from four regions now under assessment.
- TAHA led a marketing mission to Dubai, and linkages were established with buyers of mangoes, chilies, avocados and spices.
- The first tech fund agreement was signed with a consortium of smallholder groups to transfer new technologies via demonstration plots and greenhouses.
- The TAHA partner agreement, the program's first, was approved, and related capacity building and market development activities are under way.
- Four partner agreements are in negotiation, one with a research institute, one with TAHA Fresh Ltd., and two with producer groups.
- Input supply, seed distribution and buyer linkages were established with businesses in Kenya after attending a Nairobi-based industry trade show.
- A business skills workshop was held in Moshi for 85 participants from the Rundugai Vegetable Growers Association.
- A demonstration plot was established in Northern Tanzania for African indigenous vegetables, to transfer new drip irrigation and fertilization technologies to client farmers.
- 16 HIV/AIDS grower groups were identified as project clients for demonstration plot training, with related materials being developed on nutrition.
- The IEE was completed and submitted to USAID; the PERSUAP is under way.

NEXT QUARTER

- Training and technical assistance continue with client grower groups.
- 18 production bulletins will be published, covering a range of fruits, vegetables, and spices.
- TAPP will coordinate efforts with donor projects, exporters, other private marketing agents and the government to establish a regional wholesale market in the Northern Corridor so that growers have wider market access and can obtain higher prices for fresh fruits and vegetables.
- Technical assistance will commence on start-up operations and crop development for an investor developing 80 hectares of land near Morogoro.
- Training for TAPP and TAHA staff in gender mainstreaming methodologies will be provided, and a gender mainstreaming strategy (GMS) developed to ensure optimal project outreach and impact for women, youths and other disenfranchised groups.

I. INTRODUCTION

1.1 PROJECT DESCRIPTION

The Tanzania Agricultural Productivity Program (TAPP) is a 5-year initiative supported by the American people through the United States Agency for International Development (USAID). The program aims to increase smallholder farmer incomes through enhanced productivity and improved domestic and export marketing of agricultural products.

1.2 GOALS AND OBJECTIVES

The overarching goal of TAPP is to achieve food security by boosting agricultural productivity for food consumption and income generation. The program will benefit 25,000 rural families by effectively transferring technology and business skills to farmers, attaining sustainable increases in rural incomes, and enhancing institutional capacity in the public and private sectors. Efforts to address the impact of HIV/AIDS on rural communities will run through all proposed activities and there will be a strong emphasis on encouraging women and youth groups to become aware of the potential of horticulture as a business. Agroforestry initiatives are included in the project and the principles of good agricultural practice (GAP) will guide all cropping programs to ensure that the environment will be protected and enhanced.

1.3 COMMUNICATIONS, REPORTING AND INFORMATION

Two monthly bulletins have been produced to report the project's activities to partners, cooperating agencies and NGOs. The project's first quarterly report was submitted to USAID, informing of progress in the startup phase of the program.

Growing guide production, incorporated into the work plan for year one, continues with 18 guides in the final stages of preparation. Technical dialogues for 12 of the guides have been completed, though financial data outlining the relative profitability of the crops is still under research. Given that this data is not readily available, drafting a gross margin for commonly grown crops has been particularly challenging.

II. PRODUCTIVITY

Technical assistance activities increased during the current period to a total of 103, as the majority of the field staff was deployed. Technical assistance for production has been provided for four different products in seven areas of the country. Details on each technical assistance visit (including client contact information, observations, and recommendations) are available through Fintrac's M&E software program CIRIS on the TAPP Intranet site (<http://www.fintrac.com/tapp/>)

2.1 REGIONAL ACTIVITIES

Field staff attended an intensive 12-day training session in January. The full team came together again in March to finalize crop growing guides, and staff received technical materials and agronomic tools for use in the field. TAPP senior management conducted visits to many regional and district officers, introducing the TAPP program to their areas. The officers have so far universally and enthusiastically embraced the goals of the project.

TAPP staff in all zones have been collaborating closely to ensure that trans-regional activities planned with grower organizations such as the MVIWATA network of farmer groups are well coordinated, and that discussions with national agencies such as the Agricultural Seed Agency (ASA) are reported to all staff. In order to avoid poor regional coordination, team meetings have prominently featured discussions on the importance of good communication within the TAPP program.

Northern Tanzania

Field staff have been actively establishing relationships with district authorities, agriculture officers and NGOs working in their respective areas. These new relationships have been instrumental in helping to locate prospective clients throughout Northern Tanzania. The geographic reach of the TAPP program in the quarter was from Babati in the West, through Karatu and Ngorogoro in the North, across Arusha and to the slopes of Mt Kilimanjaro, including Sanya Juu and Machame in the East and almost to Same in the South. Many NGOs are involved with organic growers, and strategic alliances have been formed with groups such as Global Service Corp and Heart Helping Hand. These organizations have coordinated with more than 70 groups of organic farmers and have requested TAPP assistance with creating market linkages for their growers. Formalizing and strengthening these alliances will be a major focus of attention in the third quarter of 2010.

A featured event this quarter was a visit in January by U.S. Ambassador to Tanzania Alfonso Lenhardt to the Mailer Farm complex of Kilimanjaro Impact Tanzania (KIT), near Usa River. The Ambassador toured the farm, which had been supported by USAID, and met TAPP staff as well as members of the TAHA board and secretariat. Ambassador Lenhardt presented the Mtazamo Vegetable Growers Group, a women's farmer group, with certificates from GlobalGAP and Tesco (U.K.) Ltd, signifying that they were Gold Award certified in GAP. This certification enables them to export vegetables to supermarkets in Europe.

Discussions continue with KIT regarding assistance with product development, and a new farmer group that wishes to supply export produce to Homegrown (K) Ltd. through the Mailer Farm complex

is also being formed in the region. Homegrown has expressed a desire to expand their production base, and several initiatives are under way in the area to meet their demand for additional products using smallholder supply. KIT will also be closely involved in the simulated sea freight trials of vegetables if that proposal proceeds.

TAPP provided business skills development training for 85 participants from Rundugai Vegetable Growers Association in Moshi, and farmer groups were invited to attend a field day at AVRDC to evaluate new seed varieties.

TAPP established one demonstration plot in a semi-arid area of Northern Tanzania, with African Indigenous vegetables sourced from AVRDC. The plot demonstrates the potential of drip irrigation and the effect of various fertilizer regimes. A number of other sites have been identified but have not yet been established, as irrigation units have not yet arrived. The units are expected to arrive in Tanzania in April. Hybrid tomato seed varieties that have proven successful in Kenya have been purchased and will be utilized in demonstrations planned in the Kilimanjaro region.

A partnership agreement has been signed with Floresta for TAPP to assist with the establishment of two greenhouses and 12 demonstration farms. TAPP will also support the salary of a full-time agronomist for the organization for one year in order to boost the organization's internal capacity to provide extension services to its agronomists. Floresta's facilitators will be provided with training and agronomic tools such as hand lenses. Both TAPP and Floresta will participate in a banana/coffee intercropping trial with IITA to establish the benefits of that regime, which has proven successful in Uganda.

Lushoto

An agronomist previously working with the Usambara Lishe Trust (ULT) has joined the TAPP staff, leading to a close association with that umbrella organization and the groups that form the trust. TAPP staff members have been invited to attend ULT board meetings and are building on the platform established under previous USAID programs. Postharvest product losses due to poor logistics and inappropriate postharvest management practices need to be addressed. TAPP and TAHA Fresh Handling Ltd are exploring the possibility of launching a freight service with a refrigerated vehicle to improve the transport of produce from growers of ULT to customers in Dar es Salaam.

Meetings with agencies in the Tanga Region working with HIV/AIDS have been conducted, and interventions have been initiated to address both the social needs of the groups and the desire to create income generating activities. Groups have been chosen to act as focus points for training, and sites have been selected for demonstration of appropriate technologies, such as greenhouses. Greenhouse production requires less physical labor and input energy, providing opportunities for those with reduced energy to create satisfactory incomes. These demonstrations will be replicated in all areas where TAPP is assisting the rural population of Tanzania.

A partnership agreement has been initiated with Golden Foods Ltd (GFP), a company active in organic spice production in the Tanga region, to develop their productive capacity and improve product quality. TAPP will assist GFP with training, organic certification and product development in Tanga, the Isles of Zanzibar and the Kilimanjaro Region. Market linkages have also been established with new potential buyers in the United States.

Also in Lushoto, TAPP has agreed to assist the Agricultural Resource Center in establishing a demonstration plot for new technologies and to support the group's associated with the Lushoto Business and Technology Incubation Unit of the University of Dar es Salaam.

Morogoro

The TAPP project has been introduced to all levels of the regional government, and TAPP's program director has personally visited many government offices to discuss the project. The NaneNane grounds were visited with the district horticultural subject matter specialist to view the district nursery. Cost estimates are being prepared to determine whether the water supply, which is a serious constraint to nursery operations, can be improved with a suitable water tank.

During discussions with the Morogoro rural district agricultural and livestock development officer (DALDO), concerns were expressed regarding the urgent need for infrastructure improvements to ensure that produce grown in the region can be profitably sold in Dar es Salaam. The DALDO cited many instances of waste due to poor transportation of produce on open trucks and requested that TAPP institute measures to resolve this issue. TAPP is working with TFHL to determine whether a bi-weekly combined transport operation from Lushoto and Morogoro directly to Dar es Salaam would be viable. TAPP has also helped to prepare a concept note for the board of TFHL to consider, and has approached a commercial bank to determine whether they would be willing to partly sponsor the purchase of a vehicle for this purpose.

Several meetings have been held with an investor interested in developing 80 hectares of land near Morogoro, and TAPP supported a marketing trip to Dubai through TAHA for one of the directors of Agrobase International Ltd to further discuss this interest. TAPP is offering technical support to the startup operation and will assist in crop development on the farm, which will have 16 hectares of drip irrigation installed in May.

Problems regarding the production and utilization of mangoes have been discussed with a number of interested parties in the area. While no definitive study has been made, there is universal agreement that a considerable proportion of the crop is wasted annually. The closure of the Unnat Fruit Processing plant in Morogoro was a significant loss to the area. TAPP is trying to determine the reasons for that closure and to evaluate whether assistance can be provided so that the plant can resume operations or be transferred to new owners. TAPP's program director met with the managing director of the Agriculture Seed Agency (ASA), who advised that the agency is preparing 400,000 mango seedlings for sale in 2010, which will significantly increase the size of the industry. Mango production was also explored with the Morogoro Regional Secretariat and the Sokoine University Department of Crop Science and Production, and it was agreed that there was an urgent need to address production and utilization problems within the industry.

Coast

A total of 14 farmer groups in the coastal region have been identified during the reporting period and assistance to improve their agronomic skills has begun.

Numerous mango farmers have been visited to determine the needs of the industry, and TAPP has been present at field days held by the Association of Mango Growers (AMAGRO). Many recent plantings of mangoes have not received appropriate agronomic attention, and TAPP is concerned about the current state of the industry, as referenced in the previous section of this report.

TAPP has approached the National Bank of Commerce with a concept note proposing that the bank use their Corporate Social Responsibility fund to pay for a greenhouse and drip irrigation kit (Tsh 3,000,000) for the Umoja Women's Farmer Group. A visit to the group is to be made by the bank in early April, and the program, which will be managed by TAPP staff, will begin after that visit. Another concept note submitted to the Bank requested assistance to fund a vehicle to transport smallholder produce from Lushoto and Morogoro directly to customers in Dar es Salaam, as referenced previously. This request is also currently under consideration.

A partnership agreement with Bagamoya Fruits Co Ltd is almost complete. TAPP will support the company in importing 20,000 suckers of MD2 pineapples from Ghana once water supply for irrigation on the company's farm is assured.

A potential partner, Natureripe Kilimanjaro Ltd., joined the TAPP-sponsored tour to Dubai to evaluate market potential in the region for their products. Natureripe processes both cashews and mangoes and owns mixed fruit orchards on the coast where they recently planted over 40 hectares of premium varieties of mangoes. Natureripe is exploring the potential for export of frozen mango pulp to Europe for the bakery trade, and TAPP may assist in determining the feasibility of the project in terms of market size and the technology required to produce the pulp for export.

TAPP held discussions with Bakhresa Food Products Ltd., a subsidiary of Azam Industries, regarding the product requirements for their soon to be completed fruit and vegetable juice manufacturing plant near Dar es Salaam. TAPP has offered to assist in sourcing smallholder suppliers of tomatoes, mangoes, pineapples, and other fresh produce once suitable pricing policies are confirmed.

The Isles of Zanzibar

The TAPP program director introduced the project to the director of policy and planning with the Ministry of Agriculture, Livestock and Environment, and we have received a letter from the Ministry welcoming the program and assuring government support.

A total of 12 farmer groups have been identified on Unguja Island and their training needs, which include business skills development, GAP, irrigation technology and pesticide safe use, have been noted. So far on the island, 47 farmers have been trained in pesticide safety.

The proposed partnership agreement with the VSO Zanzibar Entrepreneurship and Sustainable Tourism (ZEST) initiative is in an advanced state of negotiations and is expected to be finalized in April. ZEST is a multi-faceted program involving such diverse groups as Women Empowerment in Zanzibar, Vegetable Producers Association, Zanzibar Association for the Disabled, the local government, and the Aga Khan Foundation, and has corporate (ACCENTURE) and donor-funded (CORDAID and SNV) sponsorship. TAPP will assist nearly 900 farmers with technical advice and demonstrations of new technologies including drip irrigation.

TAPP is currently discussing with IITA the results of trials with drought resistant bananas and hopes to form a partnership to develop suitable varieties identified in this research.

Golden Food Ltd has asked TAPP to develop organic spice production on Pemba Island and has identified areas that are currently being converted to organic status. This would aid a new venture for the company in ground culinary spices. TAPP is attempting to link the company to a market outlet in the U.S. to complement European sales.

At meetings with chefs and the Zanzibar Association of Tourism Investors (ZATI), TAPP's program director was informed that culinary herbs for the hospitality trade such as Coriander (Dhania) were 'imported' to Zanzibar from as far away as Arusha, and often arrived in poor condition. The supply of these spices from Unguja Island is unreliable, which is why ZATI depends on outside sourcing. Therefore, TAPP has initiated discussions with grower groups to introduce drip technology for the dry season and rudimentary covers during the rains to improve supply and quality of the herbs. Cooperative marketing of crops will also increase the tourism industry's confidence to purchase local products. This is one of the thrusts of the ZEST program that TAPP will be supporting.

2.2 CROPS

Discussions are under way with the International Potato Center (CIP) regarding the possible introduction of virus-free sweet potato and Irish potato stock to Tanzania. These varieties have been developed in Kenya and show increases in yield of up to 400% over conventional farmer-saved seed crops. Multiplication of the varieties can be undertaken using aeroponics. TAPP is considering linking IPC and AVRDC in order to initiate the project as a joint venture between the two institutions.

Several inquiries have been received regarding the supply of African Birds Eye (ABE) chili, and grower groups in the Coast, Tanga, Morogoro Rural and Kilimanjaro regions will begin producing the crop with TAPP assistance. Golden Foods Ltd has been introduced to the U.S.-based marketing firm Cooperative Business International (CBI), which imports spices from Tanzania. The two firms are determining whether ABE chili and other certified organic spices produced by Golden Foods could be marketed by CBI.

TAPP has determined that passion fruit has considerable market potential, and trials are planned with Floresta and KIT in Northern Tanzania. ULT in Lushoto and on Unguja Island will initially supply the local market for fresh fruit and juices, with the hope of developing an export market for the fresh fruit.

Culinary herbs and specialty leaf lettuce are often unavailable throughout the Northern Tanzania tourist circuit and on Zanzibar, as noted above. TAPP has therefore initiated programs to alleviate supply problems in both areas. Colored peppers for this market sector are currently imported from Holland, Kenya and South Africa, and growing these crops in greenhouses will be a feature of many demonstration plots where appropriate technology for this product is utilized.

2.3 TECHNOLOGIES

Work continues with Homeveg (K) Ltd. to improve the cool chain for export vegetables, and technical assistance has been provided in the use of data-loggers and forced air cooling. TAPP management has met both European importers of the company's packed product (Aurora Fresh Ltd and Wellpak) to discuss quality issues and has reviewed the company's HACCP analysis report to suggest changes to product handling. TAPP has also sought indicative prices for cool store equipment, since there is considerable concern that the company will not have the capacity to handle the large volume of crops that are expected from its smallholder outgrower scheme.

TAPP has held discussions with a number of interested parties to determine the potential for supplying vegetables by sea freight to the European market, whose demand is currently being met with vegetables from Guatemala, including highly-perishable products such as Sugar Snap Peas and French Beans. TAPP is developing a concept note through TAHA to present to the COMPETE program for funding of simulated sea freight trials, and private sector investors have been identified to

support the proposal. Should the trial proceed, the crop production would take place at a variety of locations including Mailer Farm, and the required hydrocooling equipment would be based at the KIT-managed facility.

III. MARKET AND TRADE DEVELOPMENT

TAPP sponsored a TAHA marketing evaluation study tour to Dubai for growers and processors. The trip was hosted by the Tanzanian Embassy in Dubai and useful contacts were made for the mango industry (for both fresh fruit and processed product), and for organic produce including spices, processed ginger, fresh chilies and avocados.

As mentioned above and in previous sections, TAPP is actively promoting the sale of fresh and ground spices in Europe and the United States and of ABE in the United States through CBI.

TAPP has placed considerable emphasis on assisting manufacturers of products sold in the domestic market, and has created important links between Darsh Industries Ltd., Golden Foods Ltd. and Azam Industries and growers of fruits, vegetables and especially tomatoes for processing.

Discussions are ongoing to determine the feasibility of producing dried vegetables in the Tanga region to supply to Unilever International.

The suggestion expressed in the TAPP first quarterly report regarding the potential to create a consolidated regional marketing approach for smallholder produce has been met with considerable support. TAPP has developed this initiative in conjunction with the staff of the COMPETE program, donor-funded projects and the private sector. Together with TAHA they will submit a proposal to the COMPETE program to establish regional wholesale markets along the Northern Corridor that would give growers access to regional markets with a critical mass of products that would enable them to command better sales prices. The need for low cost technology to store seasonal produce has been discussed with international organizations that have experience in such facilities. This initiative may be supported by government agencies from European Union countries and the private sector.

IV. OTHER CROSSCUTTING THEMES

4.1 HIV/AIDS

The TAPP HIV/AIDS program manager has visited almost all TAPP regions with field staff and has identified 16 groups formed by people affected by HIV/AIDS. Interventions will commence in the third quarter of 2010 and will focus on income-generating activities supported by other components of the program. We believe that the opportunities for income generation through greenhouses are very applicable to those infected with and affected by HIV/AIDS, as even given their reduced energy they can still successfully produce greenhouse crops. Many of the demonstration plots to be established with this technology will be planned in conjunction with HIV/AIDS groups.

A leaflet explaining the aims and objectives of the TAPP HIV/AIDS program is being produced.

Detailed handouts about nutritious crops for those infected with HIV/AIDS are being prepared for distribution. The first crop profile in this category will be the tree crop *Moringa oleifera* (Swahili: mzunze), which is highly nutritious and has defined anti-bacterial medical properties. Its crushed seeds can purify water, but its benefits are not widely known. The crop is highly adaptable and is a desirable agroforestry species.

4.2 GENDER ISSUES & YOUTH

In Tanzania, women and youths do not have equal access to means of production, credit, or training opportunities. TAPP's gender mainstreaming approach seeks to increase participation in the program among these groups. This includes tracking clients by gender, purposefully building leadership among women and youths in producer groups, emphasizing participation of women-owned farms and enterprises, designing and delivering gender-appropriate training, and introducing crops and other products specifically tailored to the strengths and constraints of each productive member of the household.

In alignment with Fintrac's company-wide gender mainstreaming (GMS) policy and TAPP's goals, a Fintrac gender specialist will assist the program in introducing GMS in order to ensure that field staff, office staff and program management are equipped with the necessary tools to facilitate access to training and technical assistance for women and youth. This training is scheduled for the third quarter of 2010.

Numerous youth groups have been identified and will be provided with practical training in agronomy and appropriate development of business skills related to horticulture. Youth interventions with public and private sector organizations are moving forward, and specific partnership programs with groups such as the National Youth Network are in progress.

A pilot project to start Junior Farmer Field schools in Northern Tanzania will be developed. The project will determine the possible impact of such schools on youth involvement in the horticulture industry before exploring the possibility of establishing a nationwide program.

4.3 Environment

The draft IEE for the TAPP program has been presented and accepted and work on the PERSUAP has commenced with the appointment of a local consultant and interviews with major organizations involved in the regulation of pesticide use in Tanzania.

Discussions have been held with the African Wildlife Foundation (AWF) regarding the conservation efforts of that organization in their Maasai Steepe Heartland Program. The Director of the program expressed concern over the impact of agricultural and horticultural activities on sensitive areas of Northern Tanzania. TAPP has committed to integrating efforts with other organizations such as Canadian Physicians for Aid Relief (CPAR), Africare, Farm Concern International and Heifer International in order to avoid any further degradation of the environment in areas around Lakes Manyara, Eyasi and Natron.

V. PARTNERSHIPS AND CAPACITY BUILDING

TAHA

A partnership agreement was signed in January with TAHA, and TAPP is providing assistance with the promotional and advocacy roles of the association. Two new staff members, funded through the partnership agreement began working with TAHA. Both positions will have significant impact in developing the industry. The community advocacy officer will be a pivotal position for informing the district of the benefits of a strong horticultural industry, and the new position will free the executive officer of TAHA to address other major constraints in legislation such as the VAT.

The TAHA marketing and information officer was invited to accompany members of TAPP staff to Nairobi in March to visit Kenya-based company Hortec and to meet staff involved in market analysis and disseminating information to farmers. Hortec works with the Kenya Horticulture Development Program (KHDP), which is a TAPP sister program also managed by Fintrac Inc.

TAPP was instrumental in supporting TAHA as they led a market evaluation tour to Dubai for a number of potential partners of the program. The trip coincided with the International Plant Expo Middle East, and was coordinated by the Tanzania Embassy in Dubai. Several potential exporters of processed and fresh products accompanied TAHA, and the visit was regarded as a success by those attending.

The financial specialist appointed to the Financial Crisis Initiative will conduct a review of TAHA operations and will provide assistance as requested to revise accounting procedures and best business practices. The goal is to create income-generating opportunities, such as providing services to the industry that are currently contracted to outside organizations. These should be included in TAHA's new business plan, along with a strategy to build TAHA's capacity to provide those services. This would improve TAHA's potential for becoming self-sustaining. To this end we have discussed with both the Tanzania Cluster Competitiveness Program (TCCP) and the COMPETE program methods to support this capacity-building, and we expect to finalize arrangements in the near future.

TAHA Fresh Handling Ltd

TAPP has held in-depth discussions with the board and executive of TFHL to determine the operational needs of both the company and the industry, particularly with regard to the utilization of the Financial Crisis Initiative funds. TAPP's program director also met with the board and a number of members of the association to ensure that the industry's needs and expectations were fully understood. The imposition of the 18% VAT cost to export freight has altered the transport needs of the industry and directly impacted the company's ability to operate flights out of Kilimanjaro Airport. The tax has therefore led to delays in formalizing the partnership agreement with TFHL, as the company perceived a change in the industry's needs going forward. The resolution of the freight tax surcharge situation has again altered the industry's attitude, and with that situation settled a partnership agreement is expected to be in place in early April.

TFHL reported a small profit in January and records a positive cash flow as it explores several freight initiatives, signifying that the company's financial position has improved considerably. Given these developments, it is anticipated that less operational support will be necessary, and focus will shift instead to activities that will help build capacity and longevity. TAPP has also assisted both TAHA and TFHL in drafting concept notes to several potential donor programs such as COMPETE and TCCP to support these capacity building activities.

TCCP

TAPP has met with TCCP several times in order to harmonize program initiatives and to seek ways to develop organizations and companies in the most effective manner. TAPP has attended TCCP workshops organized to brief companies and smallholders on the grants available to the industry through TCCP. The two have discussed clients and program partners in order to avoid any duplication of involvement.

HORTI-Tengeru

Discussions continue with the Ministry of Agriculture regarding HORTI-Tengeru and the proposed partnership with AVRDC, as there are considerable capacity-building opportunities for the institute incorporated into the initiative. IITA are currently utilizing the tissue culture laboratory and although HORTI-Tengeru has expressed reservations about the possible involvement of a private sector partner in a commercial venture, discussions are ongoing.

TPRI

TAPP senior management visited the Tropical Pesticide Research Institute (TPRI) and met with several staff members to discuss the operational needs of the organization. There is considerable commercial interest at TPRI in expanding a tissue culture laboratory into a commercial plant laboratory to supply farmers with new banana varieties. The institute has expressed interest in receiving TAPP support for the venture. The situation regarding bio-pesticide registration was also raised, and it was discussed whether or not TPRI has the expertise to conduct the trial work required by legislation. TPRI agrees that there is a need for Tanzania to register beneficial fungi, bacteria and other biological organisms that are widely used elsewhere in the world, as some would have direct, substantial benefits to smallholders. TAPP believes that there is a need to develop the capacity of the institute to evaluate such materials, and has invited TPRI to submit concept notes to determine what might be needed to allow that to happen. TAPP has commenced dialogue with the regional DFID funded program, Research Into Use, as Kenya and other African states are using this program to improve the capacity of regulatory authorities to conduct trials and approve the use of bio-pesticides on food crops.

VI. FINANCIAL CRISIS INITIATIVE

A number of meetings have taken place with members of TAHA in the floriculture and cuttings business to determine the needs of the industry with regard to the utilization of the FCI funds. There is a clear division between the flower growers who face considerable financial difficulties and the cutting industry that has been less affected by the financial crisis at this stage. Valentine's Day sales exacerbated the flower growers' problems as prices were extremely low, further deepening cash flow problems. The Tanzania Investment Bank (TIB) brought the difficulties of these growers to the attention of TAPP, and subsequently TAPP has met with TIB to discuss ways to alleviate the situation. The BoT also produced a report of a survey conducted in June 2009 that advised of the industry's problems. TAPP staff attended a meeting where the report draft was discussed. The TAPP program director noted several errors in the report and has sent the authors information to be included in the final draft. The report noted the difficulty of the industry in meeting its financial commitments and recommended that the government provide financial support to the industry at this time.

The Senior Financial Advisor to the FCI portion of the TAPP program has been identified, and a request has been submitted to USAID for approval of the appointment of the candidate to that position. Meetings have been arranged with TIB and a number of commercial financial institutions in early April in order to determine ways that the banks can assist the industry. TAPP has also proposed the establishment of revolving credit fund guarantees within the finance industry. We expect to report significant progress in this area in the next quarter.

VII. PLANNED ACTIVITIES

TAPP has explored the possibility of TAHA creating its own office and site complex in order to reduce the burden of rent and make the organization more beneficial to its members. Rent constitutes a considerable portion of TAHA's monthly costs and there is little room for office expansion at the current site. The discussions have centered around the TAHA finding suitable land in or around Arusha and building a facility that would include a training/conference room that could be rented out, a resource room with library and computers that could be available as an information center for smallholder farmers, and sufficient office space to rent to projects such as TAPP and companies such as TFHL, generating income for TAHA's activities. If an expanded space becomes available and feasible for TAHA, TAPP would also relocate its offices to the location in order to continue the program's close collaboration with the organization. A concept note will be presented during the next steering committee meeting to initiate formal discussions at the board level.

Many organic organizations are unaware of information available from such sources as the ICIPE program funded by Biovision that produces the publication "The Organic Farmer" in Kenya. TAPP is discussing with the publishers whether a Swahili version of the monthly bulletin could be produced in Tanzania with assistance from the TAPP project and TAHA. TAPP staff are distributing the limited numbers of the current English version we have available to cooperating organizations and officers of the Government of Tanzania, and we believe that a Swahili version would be of greater relevance to farmers and could be of considerable assistance to them given the quality of the articles in the magazine.

There are many other publications in both English and Swahili that have been produced in recent years that would be relevant to farmers and advisors, but print runs were so restricted that the information never reached the targeted market. We have discussed this situation with TAHA and are trying to determine whether the publishers will allow a further printing run, possibly sponsored by TAPP and other donors through TAHA, in order to reach a wider audience. Many of these publications are on pesticide safety and environmental matters such as conservation cropping, composting and GAP, all of which are issues that farmers need to be aware.

In line with the TAPP belief that it is important to involve young people in Tanzania in horticulture we have commenced discussions with the group CPAR, who are active in the Karatu area in horticulture and conservation. CPAR are utilizing the Farmer Field School methodology and we are discussing the possibility of starting Junior Farmer Field Schools in primary and secondary schools in Karatu and surrounding villages, utilizing positive kitchen gardens. Based on personal experience in conservation organizations in Kenya, we believe that a "children educating their parents" approach would be an effective method of educating the wider community. TAPP will involve AWF in the program if they are agreeable, because they have expressed great concern regarding the impact of agricultural activity on the siltation of Lake Manyara and have asked for assistance in educating people on the risks of uncontrolled activity in the catchment area above the Lake.

Together with TAHA, planning has commenced for a significant presence at the NaneNane Agricultural Show in both Morogoro and Arusha. TAPP staff are working with input suppliers to create a display of fully operational greenhouses with crops grown from hybrid seed irrigated with drip irrigation. TAPP partners such as Golden Food Products will be associated with the promotional activities. Initial discussions have been held with TAHA, and it is expected that TAHA will be directly involved in the promotion of horticulture at the National Focus NaneNane Agricultural Show in Dodoma, while TAPP will promote the association at the two regional agricultural exhibitions.

TAPP staff in all areas that have significant mango production advise that there are serious issues regarding the agronomy, harvesting, postharvest management and utilization of the crop which is heavily impacting profitability. It is reported by FAO that 49% of mangos on the Isles of Zanzibar are lost before sale and similar but unsubstantiated statements are made for other regions. The question of developing the market for quality fruit therefore revolves around improving all facets of the production and sale processes, including addressing the issue of fruit fly control. TAPP staff have inspected numerous mango production sites including many established by members of AMAGRO, and there is an urgent need to improve the agronomy of the crop, which is currently far below international standards. ASA has been requested by the government to produce 400,000 seedlings for planting on an annual basis. Given the poor state of plantations seen by TAPP staff many growers will have difficulty achieving profitability unless there is a concerted effort to develop industry standards within the country. There is a need for an interactive meeting of all segments of the industry, and TAPP is trying to develop a conference to address all issues of mango production, processing and marketing. The recent sponsored trip to Dubai led by TAHA determined that there is a strong export market demand for fresh fruit, and other TAPP partnerships are being developed that will increase processing capability where the processor has identified definite markets for the products. TAPP is holding discussions with TCCP and other agencies to determine whether such a conference is desirable and, if it is deemed appropriate, will develop a strategy with TAHA and the government to organize such a meeting.

VIII. MAJOR CHALLENGES AND CONSTRAINTS

One of the greatest challenges to the progress of the program is our ability to obtain relevant information and statistics. TAPP believes that it is essential that horticulture be seen as a business opportunity. To achieve this, farmers need real time information in order to prepare budgets and plan their seasonal operations. As mentioned earlier, TAPP has had great difficulty in obtaining relevant data that will enable staff to prepare gross margins for various crops, and this has prevented the program from distributing growing guides for the crops we are assisting farmers to grow and market. Market information is confusing, and TAPP has been approached by several organizations asking for any market surveys or statistics that could help better their management decision making, but we have been unable to assist at this time. In all instances where TAPP has been approached for data, reference has been made to conflicting information from various sources within the government exacerbating the problem. The situation is particularly difficult at local market level, where almost all of the produce is marketed informally. The new TAHA marketing and information officer position created by TAPP therefore fills an essential industry need. TAPP is working with other donor-funded programs to advance the timeframe that will see the establishment of such a reliable source of market information, and is working with TAHA to obtain resources that will enable that to happen as soon as possible. TAPP is helping to develop a concept note to be presented by TAHA to the COMPETE program. Training in market analysis for the TAHA marketing and information officer by Fintrac staff from Washington is planned for June.

There has been considerable concern voiced in the media in Tanzania recently about the lack of a business environment conducive to investment. TAPP's senior management met with the consultants from Booze, Allen, Hamilton (BAH), who are conducting the Agribusiness Climate Legal and Instrumental Reform (AgCLIR) survey, to discuss the business climate in Tanzania. Examples of difficulties that the TAPP program has had include problems importing essential equipment such as vehicles, motor cycles and agronomic tools for our field staff. These examples are indicative of the problems businesses face when dealing with government agencies. At a meeting hosted by the Bank of Tanzania, several investors from both Tanzania and overseas expressed clearly to the bank the frustrations of investing in the country. One investor stated that his company has instructed him to cease expansion in Tanzania and to direct all expansion to Kenya. The Tanzanian Revenue Authority was present at the BoT meeting and made several contradictory statements regarding taxation on agriculture equipment, making it clear that there was no unified understanding of business needs within government agencies. TAPP believes that the appointment of a dedicated advocacy officer within TAHA will enable that organization to become more effective in voicing the concerns of the industry at a national level in order to help improve the business environment and attract investment.

The extremely poor condition of many roads in rural areas has also been noted as a significant constraint to farmers who need reasonable road access in order to market perishable produce. With the onset of the rainy season, many farmers have only foot access to main roads and so cannot market their produce. TAPP field staff have reported serious challenges in properly assisting farmers in some areas due to these problems.

ANNEX I: PERFORMANCE AGAINST PMP INDICATORS

Name of the Implementing Agency: Fintrac, Inc.	Reporting Period: Q2: January – March 2010					
Local Address: USAID-TAPP c/o TAHA P.O. Box 15035 House #49 Kanisa Road Arusha Tanzania	Home Office Address: Fintrac, Inc. 3077 Kronprindsens Gade 72 St Thomas, USVI 00802					
Project Title: Tanzania Agriculture Productivity Program	Target regions: Arusha, Moshi/Hai, Lushoto, Morogoro, Coast and Zanzibar.					
Cooperative Agreement/Contract #: EDH-I-07-05-00007-00	Sub-contract/sub-grantees: Tanzania Horticultural Association (TAHA) TAHA Fresh Handling Ltd. (TFHL)					
Period of Project: (Start and End Dates) October 19, 2009 – October 18, 2014	Related Program Area and Elements of the Operational Plan: 1. Agricultural Sector Productivity 2. Trade and Investment					
Planned Life of the Project: \$35,490,000	Amount Obligated to Date: \$3,129,985			Pipeline: \$0		
Principal Target Beneficiaries: Tanzanian Smallholder Farmers	Major Counterpart Organizations: TAHA, Ministry of Agriculture					
Indicators	FY 2010					Units
	Target	Q1	Q2	Q3	Q4	
Percent change in rural income of targeted population (reporting to begin in Q3)	10					Percent
Number of rural households benefiting directly from USG intervention	5,000		1,917			Rural Households
Percentage change in yield (reporting to begin in Q3)	10					Percent
Percentage change in cost of production per unit output (reporting to begin in Q3)	-5					Percent
Percentage change in volume of crops produced (reporting to being in Q3)	10					Percent
Value of new client and counterpart investments	1.0 M					US\$ Million
Percentage change in volume/value of domestic, regional and extra-regional sales in targeted sectors (annual target)	15					Percent
Number of assisted program farmers implementing NRM & good agricultural practices (GAPs)	5,000		624			Program Farmers
Number of new technologies adopted	5		5			Technologies
Area under new technologies	2,500					Hectares
Increased sales by processing clients (annual target)	10					Percent
Number of Organizations providing market analysis	3		1			Organizations
Number of new products and/or markets identified	3		2			Products

Number of new market linkages facilitated	200		7			Markets
Number of farmer groups/producer organizations strengthened	200		67			Producer Organizations
Number of PPPs and GDAs formed and implemented	25		1			PPPs/ GDAs
Number of policy reforms supported	1		1			Reforms
Number of partner organizations providing improved policy analysis & advocacy services (reporting to begin in Q3)	1					Organizations
Number of partner organizations providing improved extension services to smallholders	10					Organizations
Number of demonstration farms supported	100		1			Demonstration Farms
Number of people receiving USG supported training	21,300		758			Training Participants
Number of certified farmers (reporting to begin in Q3)	100					Farmers
Average costs for certification (reporting to begin Year 2)	0					Percent
Number of processors & packhouses implementing HACCP & other food safety standards (reporting to begin Year 2)	0					Processors
Number of people with increased adaptive capacity to cope with impacts of climate variability and change as a result of USG assistance	4,000					People
Percentage of women/youth participating in training events	40		52			Percent
Percentage of women/youth membership in producer organizations	10		54			Percent
Percentage of households participating that are vulnerable	5		23			Percent
Number of people trained in HIV/AIDS prevention	5,250					Training Participants
Number of workplace programs implemented (reporting to begin in Q3)	8					Workplace Programs

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